

Congress of the United States
House of Representatives
Washington, DC 20515

October 15, 2003

The Honorable George W. Bush
The White House
Washington, DC 20500

Dear President Bush:

As members of the Congressional Furnishings Caucus, we write to bring to your attention a number of issues of critical importance to the furniture industry and to request your help in preserving this vital part of the U.S. manufacturing sector.

While the furniture industry faces a wide range of challenges, low-cost imports from China have become the dominant factor affecting the domestic furniture industry today. Because of China's rapidly expanding manufacturing capacity, U.S. furniture production has declined dramatically resulting in the loss of over 100,000 furniture and related jobs since January 2001, according to the Bureau of Labor Statistics. Despite intensive efforts by U.S. furniture manufacturers to adjust to a global marketplace, they simply cannot compete when China continues to engage in unfair and, oftentimes, illegal trade practices. We, therefore, would like to offer the following recommendations to level the international playing field and to improve the long-term competitiveness of the American furniture manufacturing industry.

1) Chinese currency manipulation. Many of our colleagues have expressed concerns that the Chinese currency, the *yuan*, is artificially undervalued and some of us have co-sponsored legislation (H.R. 3058) requiring the Secretary of the Treasury to determine whether China is manipulating its currency to achieve an unfair trade advantage. While we were encouraged that Secretary Snow raised this issue with Chinese officials during his recent trip to China, we urge your Administration to press the Chinese government to take immediate steps to address this problem. After his trip, Secretary Snow indicated that the Chinese currency issue would be revisited when you meet with Chinese President Hu Jintao during the Asia Pacific Economic Cooperation (APEC) leaders' summit in Thailand this month. We request that you stress to President Hu that his government must accelerate economic reforms so the value of China's currency is allowed to float. Since China maintains that certain interim measures must be taken to prepare the economy for a free exchange rate system, we urge you to advocate an aggressive timetable for China to implement these preconditions. If China is unwilling to commit to a definitive timetable, we ask that the Administration initiate a Section 301 investigation based on violations of international trade and monetary rules that prohibit currency manipulation.

2) Antidumping petition. A broad coalition of companies have formed the American Furniture Manufacturers Committee for Legal Trade and plan to file an antidumping petition with the Department of Commerce and the U.S. International Trade Commission. The petition is in response to the refusal of Chinese manufacturers to price wood-bedroom exports at fair value based on the costs to manufacture them in China and then selling these pieces at artificially low prices in the United States. Title VII of the Tariff Act of 1930

provides for the imposition of antidumping duties where imports sold at less than fair value have caused or threaten to cause material injury to a domestic industry. We, therefore, support the antidumping petition and request your Administration's careful consideration of the petition. If the petition is approved, we request the immediate imposition of duties on wood-bedroom furniture from China.

3) Country of origin labeling. According to the U.S. International Trade Administration, Chinese manufacturers have gained 41 percent of the wood-furniture import market (\$2.9 billion in value in 2002). While all American consumers are entitled to the right to choose the type of furniture they purchase, we believe they can make a more intelligent choice if they are provided with accurate information about the country of origin of furniture products. We request a formal response from Customs on whether existing regulations require the country of origin to be clearly labeled on the actual piece of furniture (not just the packaging) imported into the United States and the Administration's position on whether changes need to be made to existing law or regulations to give the consumer better information on which to make purchasing decisions.

4) Promote domestic industry. Congress has the opportunity to resolve an ongoing U.S.-European Union trade dispute over export subsidies (FSC/ETI provisions) by implementing some form of domestic manufacturing incentive. Many of us are co-sponsors of legislation (H.R. 1769) that would repeal the current FSC/ETI provisions and phase-in a permanent reduction in tax rates for companies with domestic-based production. Congress is also trying to resolve an issue involving the contracting process for Federal Prison Industries (FPI). Many of us are co-sponsors of legislation (H.R. 1829) that would gradually allow federal agencies to purchase furniture and other products from companies other than FPI. In short, we believe these two bi-partisan proposals would help the domestic furniture manufacturing industry significantly. We, therefore, urge the Administration to issue a statement of support for H.R. 1769 and H.R. 1829.

Mr. President, your Labor Day speech to workers in Ohio and your decision to create an Office of Manufacturing in the Commerce Department signal that the sizeable loss of American manufacturing jobs has become a top domestic policy concern of your Administration. We applaud your pledge to take concrete steps to stop future job losses and hope that your pledge extends to the furniture industry. We represent areas that have been particularly hard hit by job losses and the economic vitality of our congressional districts relies heavily on the preservation of the U.S. furniture manufacturing industry. Consequently, we hope that you will consider favorably our policy recommendations as your Administration further develops its plans for strengthening America's domestic manufacturing base.

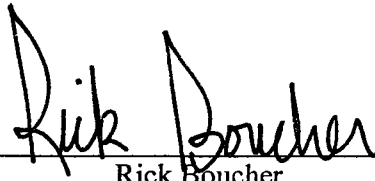
Sincerely,



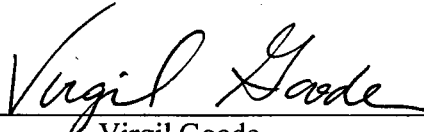
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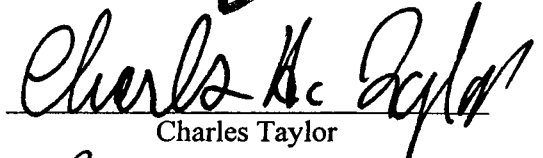

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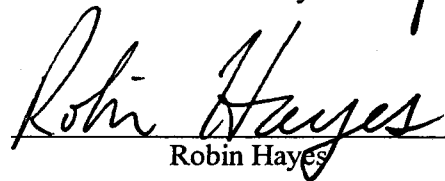

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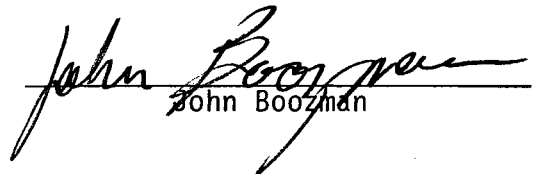

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